AN ARGUMENT

Proving that the

South-Sea COMPANY

Are able to make a

Dividend of 38 *per Cent.* for 12 Years.

Fitted to the meaneſt CAPACITIES.

LONDON,

Printed for *W. Boreham* at the *Angel* in *Pater-noſter Row.* 1720.

(Price 4 *d.*)

TO

Sir John Blunt.

THIS *ſmall Performance, which under Your Name ventures to appear in Publick, (by ſhewing that the Price of* South-Sea Stock *is very much below its real Value) is deſign'd to quiet the Paſſions of unhappy and diſcontented People, and to convince them, that they are not in ſo bad a Condition as their Fears repreſent to them.*

I hope you will pardon the Liberty I take of preſenting this to You; but uncommon Merit will draw on itſelf

Addreſſes

Addreſſes of this Nature. For to whom could I ſo properly dedicate this Piece, as to Him who has had the greateſt Share in managing this Great Scheme? A Scheme wiſely laid, and wiſely carry'd on; and which, tho' it has fail'd in ſome Degree, thro' the Madneſs of the People and the unexpected Fall of Publick Credit, will ſoon, no Doubt, under Your powerful Influence, again recover its former Credit, again be extoll'd and admir'd.

'Tis by Your conſummate Knowledge, Your uncommon Abilities, and Your Zeal for the Publick Good, that this great, this glorious Work is to be finiſh'd and perfected; but People then muſt have Patience to be happy, and not by their unreaſonable Fears and violent Proceedings interrupt the ſucceſsful Concluſion of it.

For

Dedication.

For the Labours and Fatigues of Mind you have ſuſtain'd in the Proſecution of this Work to ſerve the Publick; for the Dangers Your Life has been expos'd to from the raſh Deſigns of violent Men, may you receive all due Returns from a grateful Nation, and long enjoy unenvy'd Wealth and unenvy'd Honours.

I am,

SIR,

Your moſt humble and

moſt obedient Servant.

AN

Dedication.

AN

Argument, &c.

THE preſent State and Condition of our Affairs is ſo very well known, that I ſhall ſpare myſelf and the Reader the Trouble of making any unneceſſary Reflections upon it: The ſurprizing Alteration in the Value of *South Sea* Stock, and the unexpected Fall of *Publick Credit*, has produc'd many Calamities, and much Uneaſineſs and Complaints: My Deſign is to allay theſe Fears, and to quiet the Minds of People, by ſhewing, that the *South Sea* Company, (as they did vote a *Dividend* of 50 *per Cent.* for twelve Years)

Years) are now able to make a *Dividend* of 38 *per Cent.* for the Term of twelve Years. In order to prove this, I shall examine, what the Company have loſt, by reducing the *Subſcribers, Annuitants, &c.* to 400.

The 3d *Subſcription* was for 5,000,000 at 1000, by which the Company *gain'd* 45,000,000; but, by its being reduc'd to 400, they have loſt 30,000,000.

The 4th *Subſcription* was for 1,250,000, at 1000, by which the Company *gain'd* 11,250,000; but by its being reduc'd to 400, they have *loſt* 7,500,000.

Loſt, by the reducing theſe two *Subſcriptions*, 37,500,000. The Company may encreaſe their *Capital* to 42,000,000; they have already fill'd it up to about 36,000,000; Let us then, at preſent, for the Sake of an eaſier Calculation, ſuppoſe the *Capital Stock* of the *South Sea* Company to be 40,000,000, and divide the Sum 37,500,000 to it, for twelve Years, in the following Manner, and the Dividend will be 30 *per Cent.*

Firſt

First Year.

The Intereſt of 37,500,000 is 1,857,000; and to make it up 4,000,000 (which muſt be the *Annual Intereſt* to 40,000,000, at the Rate of 10 *per Cent.*) is requir'd the Sum of 2,125,000, which take out of the *Principal Sum* 37,500,000, and there remains, for the ſecond Year, the Sum of 35,375,000.

Second Year.

The Intereſt of 35,375,000 is 1,768,750; and to make it up 4,000,000, is requir'd the Sum of 2,231,250, which take out of the *Principal*, and there remains the Sum of 33,143,750.

Third Year.

The Intereſt of 33,143,750 is 1,657,187 *l.* 10 *s.* and to make it up 4,000,000 is requir'd the Sum of 2,342,812 *l.* 10 *s.* which take out of the *Principal*, and there remains the Sum of 30,800,937 *l.* 10 *s.*

Fourth Year.

The Intereſt of 30,800,937 *l.* 10 *s.* is 1,540,046 *l.* 17 *s.* 6 *d.* and (throwing out the 17 *s.* 6 *d.*) to make it up 4,000,000 is requir'd the Sum of 2,459,954, which take out of the *Principal*, and there remains 28,340,983.

Fifth Year.

The Intereſt of 28,340,983 is 1,417,049; and to make it up 4,000,000, is requir'd the Sum of 2,582,951, which take out of the *Principal*, and there remains 25,758,032.

Sixth Year.

The Intereſt of 25,758032 is 1,287,901; and, to it make up 4,000,000, is requir'd the Sum of 2,712,099, which take out of the *Principal*, and there remains 23,045,933.

Seventh Year.

The Intereſt of 23,045,933 is 1,152,296; and, to make it up 4,000,000, is requir'd the Sum of 2,847,704, which take out of

of the *Principal*, and there remains Sum of 20,198,229.

Eighth Year.

The Intereſt of 20,198,229 is 1,009,911; and, to make it up 4,000,000, is requir'd the Sum of 2,990,089, which take out of the *Principal*, and there remains 17,208,140.

Ninth Year.

The Intereſt of 17,208,140 is 860,407; and, to make it up 4,000,000, is requir'd the Sum of 3,139,593, which take out of the *Principal*, and there remains 14,068,547.

Tenth Year.

The Intereſt of 14,068,547 is 703,427; and, to make it up 4,000,000, is requir'd the Sum of 3,296,573, which take out of the *Principal*, and there remains 10,771,974.

Eleventh Year.

The Intereſt of 10,771,974 is 538,598; and to make it up 4,000,000, is requir'd

the Sum of 3,461,402, which take out of the *Principal*, and there remains 7,310,572.

Twelfth Year.

The Intereſt of 7,310,572 is 365,528; and, to make it up 4,000,000, is requir'd the Sum of 3,634,472, which take out of the *Principal*, and there remains 3,676,100.

Thirteenth Year.

The Intereſt of 3,676,100 is 183,805; and, to make it up 4,000,000, is requir'd the Sum of 3,816,195: So to compleat the 4,000,000 for the Dividend for this thirteenth Year, there is wanting the Sum of 140,095.

By this Calculation it plainly appears, that the Sum of 37,500,000, lent out at 5 *per Cent.* and divided in this Manner to 40,000,000 Capital Stock, would give a Dividend of 10 *per Cent.* for twelve Years. This is what the Company have loſt, by the reducing the two laſt Subſcriptions from 1000 to 400. Let us now examine, what the Company have loſt by reducing the *Redeemables* and *Annuities* from 800 to 400; which will be

be found to be not much above *one* Pound *per Cent.* in the Dividend.

The Company are (by this Reduction) oblig'd to give the *Redeemables* and *Annuitants* as much Stock again as they were before; ſo they are to be ſuppos'd to have loſt half of the *Annual* Income of thoſe *Redeemables* and *Annuities*.

The following yearly Sums were ſubſcrib'd to the Company in the Second Subſcription. †

Redeemables about	682,889
Long Annuities	125,592
Short Annuities	18,750
Lottery Annuities of 1710,	14,906
	842,137

The Company then has loſt half of this yearly Sum, *viz.* the Sum of 421,068 10 *s.* which Sum divided to a Capital of 40,000,000, gives a Dividend of 1 *l.* 1 *s. per Cent.* and about a Half-penny more.

The Company has then loſt of their Dividend 11 *per Cent.* and 1 *s.* and a Half-penny.

So that ſuppoſing they were able to make a Dividend of 50 *per Cent.* as Things then ſtood, they are now able to

† *Vide*, White-Hall Evening-Poſt of Sept. 24.

to make a Dividend of 38 *per Cent.* and 18 *s.* and 11 *d.* Half-penny.

It is the Opinion of the Judicious, who have given themſelves the Trouble of Calculations, and who underſtand the *Funds*, and the Ways of Profit which ſuch Companies make of their Money, that at the Time of voting the Dividend of 50 *per Cent.* for 12 Years, they were able to make ſuch a Dividend.

And it cannot enter into my Imagination, that the *Directors* would be ſuch *Fools*, as well as *Knaves*, to vote for their own Ends a larger Dividend than they were able to make good. What muſt they think would be their Fate and Puniſhment, for impoſing on a whole Nation to ſuch a prodigious Degree, and to the utter Ruin of ſo many Adventurers?

Is it not the greateſt Abſurdity to imagine, that ſuch a Number as Thirty, (moſt of which, if not all, were before allow'd to be Men of Senſe and Honour) ſhould all, and every one, on the ſudden, concur in ſuch a monſtrous Piece of Villainy? Or, that they ſhould be ſo void of common Senſe, as to impoſe ſo greatly on the powerful Part of the Nation? When there is ſcarce a Lord,

or

or a Member of the Houſe of Commons, who was not concern'd in the *South-Sea Stock.* And could they think they could eſcape the juſt Reſentments of Men who were to be Sufferers on their Account, and who were to be their Judges too? And all this for the Sake of ſomething more of Gain, when they had made ſuch vaſt Improvements of their Fortunes. Would they not rather have ſecur'd their Gains already Great, and enjoy them with Eaſe and Honour, than for the Sake of ſomething more, to run the Danger, ſhall I ſay, or rather incur the Certainty of loſing both their Lives and Fortunes? This is the utmoſt Stupidity, and the laſt Degree of Folly, and ſuch as could not poſſeſs ſo great a Number of Men of Senſe.

This, then, is my Argument; that for theſe Reaſons they were able to make a Dividend of 50 *per Cent.* and if they were, I have plainly enough prov'd, that they are able now to make a Dividend of 38 *per Cent.*

The Directors have met with heavy Accuſations and barbarous Treatment from People who have been Loſers; when their Loſſes ought rather to be attributed to their own Raſhneſs and unexpected

expected ill Accidents, such as the breaking of Bankers, *&c.* For my Part, tho' I have been a Sufferer in the general Calamity, I cannot join in the common Complaints against the Directors on this Head; because I cannot think them so abandon'd of common Sense and common Honesty, as to vote a Dividend larger than they were able to make good.

If any one should ask me, how and from whence they will be able to make a Dividend of 38 *per Cent.* for 12 Years, I must own, that, as I am not let into the Secret, nor acquainted with the Methods of Gain, which such Companies make of their Money, nor the Intentions of the Directors, I cannot inform them fully of all the Particulars. I shall only offer the following Things to the Consideration of impartial Men.

That the Author of the *Estimate* in the *White-hall Evening-Post* of *October* 13, proves their present Gain to be 50,000,000; and that if they dispose of the remaining Stock at 400 only, they will gain 80,000,000.

That, before the late Act of Parliament, they were able to divide 6 *per Cent.* to 11,750,000 *l.* Capital, which

is

is 705,000 *per Ann.* which Sum divided to the preſent Capital, will give about 9 *per Cent.* That they have already lent vaſt Sums of Money on their Capital, at the Rate of 400 on every 100 *Capital*, and at an Intereſt of 4 and 5 *per Cent.*

That they have lent Money which they have not as yet receiv'd, *viz.* the laſt Payment of 40 *per Cent.* due on the *Second Subſcription*, at 4 *per Cent.* Intereſt.

To which may be added the Profit they make of their Trade, which (how much ſoever ſome People, who know nothing of the Matter, may think fit to ridicule) the Author of the *Examination of the South-Sea Scheme* (wrote profeſſedly againſt the *South-Sea* in laſt *March*) allows to be 200,000 *per Ann. viz.*

By the Sale of 40,000 *Negroes*	50,000
By their Weſt-India *Trade*	100,000
And on other Accounts	50,000
	200,000

The *Bank* (who know very well what they do) have taken 3,775,000 at 400, by which they have a very beneficial Bargain; and if the Government would think fit to take the Sum of about 4,000,000, which is due to them from the Company at 400; as they alſo would gain by it conſiderably, ſo it would tend very much to ſupport the Credit of the *South-Sea Stock*, and enable the *Directors* to finiſh their *Scheme* with Eaſe.

I cannot help putting the *Annuitants* in Mind, that the *Long Annuities*, before the *South-Sea Scheme* was thought on, were valu'd but at 20 Years Purchaſe; which the Company have thought fit to take in at the Rate of 32 Years Purchaſe; becauſe they had roſe to that *advanc'd* Value, on the Proſpect of being ſubſcrib'd into the *South-Sea Stock*; and in like Manner the other *Annuities* were increas'd from 14 to above 17 Years Purchaſe.

And that the *Annuitants* will, out of their large *Dividends*, (long before the 12 Years expire) receive their *Intereſt* and *Principal* too, beſides a very good *Reverſion*, which they will have afterwards.

I ſhall

I ſhall only obſerve, that People ought not, really, in this Caſe, to eſtimate the Value of a Thing at the Price it will ſell for, but at the yearly Profit which it will bring in: If four Parts in five of the Eſtates of this Land were to be ſold, would there be many Purchaſers? Muſt they not be ſold at five Years Purchaſe? And would they then be worth no more than that? Would not the yearly Income of thoſe Eſtates, in five Years Time, pay the Principal Money which was given for them?

This is exactly the Caſe of *South-Sea Stock*, when the Proprietors are terrify'd at they know not what; whilſt they all are in Haſte to ſell out, at more than half below the real Value, and will not wait with Patience and cool Thoughts for the profitable Dividends.

Poſtſcript.

Poſtſcript.

I Have one Thing more to obſerve to the Reader, that tho' I have ſuppos'd the 37,500,000 (which the Company has loſt by the reducing the 3d and 4th Subſcriptions) to have been all paid in already, whereas the Payments were to be made at Diſtances of Time; yet it makes no Alteration as to the Argument, only this, That Company has not loſt quite ſo much; this Trifle of a Difference need not be conſider'd; and it was only done for the Sake of an eaſier Calculation.

FINIS.